

HOUSE No. 1630

By Mr. Kulik of Worthington, petition of Stephen Kulik and others for legislation to clarify the use of revolving funds by cities and towns. Municipalities and Regional Government.

The Commonwealth of Massachusetts

PETITION OF:

Stephen Kulik	Bruce E. Tarr
Cory Atkins	Denis E. Guyer
Michael J. Rodrigues	Emile J. Goguen
Bradley H. Jones, Jr.	Louis L. Kafka
David Paul Linsky	Stephen M. Brewer
Deborah D. Blumer	Joseph F. Wagner
Michael E. Festa	Richard T. Moore
John W. Scibak	Susan C. Tucker
Douglas W. Petersen	Philip Travis

In the Year Two Thousand and Five.

AN ACT TO SIMPLIFY THE RULES FOR USE OF MUNICIPAL DEPARTMENTAL REVOLVING FUNDS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 Chapter 44 of the General Laws, as appearing in the 2002 Offi-
2 cial Edition, is hereby amended by striking section 53E½ and
3 adding in place thereof the following section:—
4 SECTION 53E½. Notwithstanding the provisions of section
5 fifty-three, a city or town may authorize or rescind authorization
6 for the use of one or more revolving funds by one or more munic-
7 ipal agency, board, department or office which shall be accounted
8 for separately from all other monies in such city or town and to
9 which shall be credited only the departmental receipts received in
10 connection with the programs supported by such revolving fund.
11 Expenditures may be made from such revolving fund without fur-

12 ther appropriation, subject to the provisions of this section; pro-
13 vided, however, that expenditures shall not be made or liabilities
14 incurred from any such revolving fund in excess of the balance of
15 the fund nor in excess of the total authorized expenditures from
16 such fund, nor shall any expenditures be made unless approved in
17 accordance with sections forty-one, forty-two, fifty-two and fifty-
18 six of chapter forty-one.

19 Interest earned on any revolving fund balance shall be treated
20 as general fund revenue of the city or town. No revolving fund
21 may be established pursuant to this section for receipts of a
22 municipal water or sewer department or of a municipal hospital.
23 No such revolving fund may be established if the aggregate limit
24 of all revolving funds authorized under this section exceeds ten
25 percent of the amount raised by taxation by the city or town in the
26 most recent fiscal year for which a tax rate has been certified
27 under section twenty-three of chapter fifty-nine. No revolving
28 fund expenditures shall be made for the purpose of paying any
29 wages or salaries for full time employees unless such revolving
30 fund is also charged for the costs of fringe benefits associated
31 with the wages or salaries so paid; provided, however, that such
32 prohibition shall not apply to wages or salaries paid to full or part-
33 time employees who are employed as drivers providing trans-
34 portation for public school students; provided further, that only
35 that portion of a revolving fund which is attributable to transporta-
36 tion fees may be used to pay such wages or salaries and provided,
37 further, that any such wages or salaries so paid shall be reported in
38 the budget submitted for the next fiscal year.

39 Authorization or rescission of a revolving fund established
40 under the provisions of this section or any change in the limit on
41 the total amount that may be expended from any such fund shall
42 be by vote of the annual town meeting in the year prior to the
43 fiscal year in which the authorization, rescission or change is to
44 first take effect, in a town, upon recommendation of the board of
45 selectmen, and by vote of the city council in a city, upon recom-
46 mendation of the mayor or city manager, in Plan E cities, and in
47 any other city or town by vote of the legislative body upon the
48 recommendation of the chief administrative or executive officer.
49 Such authorization shall specify: (1) the programs and purposes
50 for which the revolving fund may be expended; (2) the depart-

51 mental receipts which shall be credited to the revolving fund; (3)
52 the board, department or officer authorized to expend from such
53 fund; (4) a limit on the total amount which may be expended from
54 such fund in the ensuing fiscal year; and, provided, further, that no
55 board, department or officer shall be authorized to expend in any
56 one fiscal year from all revolving funds under its direct control
57 more than five percent of the amount raised by taxation by the city
58 or town in the most recent fiscal year for which a tax rate has been
59 certified under section twenty-three of chapter fifty-nine.
60 Notwithstanding the provisions of this section, whenever, during
61 the course of any fiscal year, any new revenue source becomes
62 available for the establishment of a revolving fund under this
63 section, such a fund may be established in accordance with this
64 section upon certification by the city auditor, town accountant, or
65 other officer having similar duties, that the revenue source was
66 not used in computing the most recent tax levy.

67 In any fiscal year the limit on the amount that may be spent
68 from a revolving fund may be increased with the approval of the
69 city council and mayor in a city, or with the approval of the
70 selectmen and finance committee, if any, in a town; provided,
71 however, that the five percent limit established by clause (4) of
72 the third paragraph is not exceeded.

73 The board, department or officer having charge of such
74 revolving fund shall report to the annual town meeting or to the
75 city council and the board of selectmen, the mayor of a city or city
76 manager in a Plan E city or in any other city or town to the leg-
77 islative body and the chief administrative or executive officer, the
78 total amount of receipts and expenditures for each revolving fund
79 under its control for the prior fiscal year and for the current fiscal
80 year through December thirty-first, or such later date as the town
81 meeting or city council may, by vote determine, and the amount of
82 any increases in spending authority granted during the prior and
83 current fiscal years, together with such other information as the
84 town meeting or city council may by vote require.

85 At the close of a fiscal year for which the authorization for a
86 revolving fund under this section has been rescinded, for the
87 following year, or for which a city or town changes the purposes
88 for which money in a revolving fund may be spent in the
89 following year, the balance in the fund at the end of the fiscal year

90 shall revert to surplus revenue unless the annual town meeting or
91 the city council and mayor or city manager in a Plan E city and in
92 any other city or town the legislative body vote to transfer such
93 balance to another revolving fund established under this section.
94 The director of accounts may issue guidelines further regulating
95 revolving funds established under this section.